facts and whether the Minister would interfere and bring the small-scale units manufacturing potassium chloride on par with other small-scale units by withdrawing the Notification No. 142/89 dated 16-5-89 and when he would do this and if not, whether he will give the reasons for it.

SHRI M. ARUNACHALAM : Sir, the question is related to the Ministry of Finance and if the Honourable Member writes to me, I will take it up with the Finance Ministry.

MR. CHAIRMAN : Next Question.

*63. [The questioners (Shri V. Gopalsamy and Shri K. K. Veerappan) were absent. For answer vide Col.....infra.]

*64. [The questioners (Shri Som Pal and Shri Viren J. Shah) were absent. For answer vide Col.....infra.]

MR. CHAIRMAN : Question No. 65.

**Analysis of Imports of Drugs**

*65. SHRIMATI SATYA BAHIN :

SHRI RAJNI RANJAN SAHU :† Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that import data is obtained by Goverament from the office of the Drugs Controller (India) each year;

(b) whether Government are analysing the import of drugs if so, what are the findings thereof;

(c) what was the total import of drugs during the last three years, year-wise;

(d) whether it is a fact that company-wise analysis of imports is not being carried out;

(e) if so, the reasons therefor;

(f) whether it is also a fact that Government have employed officers of the rank of Deputy Secretary or so to monitor production and imports; and

(g) if so, what is the total strength of staff and officers deputed for this purpose ?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (g) A statement is laid on the Table of the House.

STATEMENT

(a) and (b) : Yes Sir. This informa- large scale units in the reserved area for mulating various policies.

(c) Thhe total imports of drugs (bulk drugs and formulations) during last three years are as given below :—

Rs. in crores

| Category | 1989-90 | 1990-91 | 1991-92 |
|---|---|---|---|
| 1. Bulk Drugs | 425.64 | 322.57 | 458.51 |
| 2. Finished Formulations | 55.09 | 84.94 | 96.12 |
| TOTAL | 480.73 | 407.51 | 554.63 |

†The question was actually asked on the floor of the House by Shri Rajni Ranjan Sahu.

(d) & (e) : Since the number of companies and items involved are very large, (a few thousands), such information is not being monitored.

(f) and (g) : Yes Sir. The Monitoring & Evaluation Division of this Department monitors the production of essential drugs in the organised sector and compiles the import figures received from the Ministry of Health & Family Welfare. The details of the strength of the staff of this Division are given below :—

| Designation | Sanctioned strength |
|---|---|
| Joint Director | 1 |
| Research Officer | 1* |
| Senior Investigator | 1 |
| LDC | 1 |
| TOTAL | 4 |

*vacant

SHRI RAJNI RANJAN SAHU : Sir, the reply of the honourable Minister is misleading. This question has got prime importance because the multinational drug companies are playing havoc and it is much more important because we are heading towards liberalisation and if the Department does not keep control over the multinationals, I do not know where we would go.

Sir, the multinationals are importing a particular drug at a higher price than the Indian companies, sometimes at six or seven times more for the same drug. In his reply, the Minister has given the total import of drugs during the last three years and we find that in 1991-92, the figure is Rs. 554.63 crores. I am surprised at what the Minister has said that the number of companies involved is very large. Perhaps, the number of such companies involved in formulations may be in thousands. But import items are only 450 and the Government of this Department is monitoring only 80 companies which are Indian companies and they are leaving most of the multinationals in spite of the fact that they have got innumerable staff at every port. It is a very important question. Prices which are being charged from public are based on import price. The consumers have to pay through their nose. I would like to know from the Minister as to how the Government proposes to monitor the imports of 450 drugs including the multinational Companies who import from their principles at higher price that Indian companies.

SHRI EDUARDO FALEIRO : If I may respectfully submit, this Department is not a statistical organisation, *per se*. Statistics that we collect are for a certain purpose and that purpose is for formulation of the policy in many respects, one of which is to reduce the import content. Let me say that we have succeeded immeasurably in this objective. I may mention that we had a negative trade balance where imports were far higher than our exports. The imports were practically one hundred per cent more; they were far higher than our exports till even as recently as 1987-88. The House will be happy to know that now in this particular drug industry we have a positive trade Balance to the extent of Rs. 638 crores as on 1991-92, and what is more, the trade balance is growing and growing every year over the last few years. That is point No. 1

On point No. 2, the hon. Member is under a wrong impression that there are only 400 drugs or so being monitored. The exact number of drugs which are in the country can, at no point of time, be ascertained precisely because sometimes the drug will be imported even by one person in a particular case. The exact number of drugs will be roughly in the region of twenty thousand or above, and here also it is not physically possible to do this kind of monitoring, and even if it were, though it is not possible to do ot, it would not serve any purpose. What we are doing is, we are

monitoring 160 bulk drugs which are major drugs in the sense that they have a major consumption and they are particularly important because they are used in the National Health Programme. We are using that data successfully and as I have said, one of the purposes is to keep a check on prices and to reduce the import content. I do not want to go into further details at this stage. But we are doing this successfully in the sense that positive results are being obtained.

SHRI RAJNI RANJAN SAHU : My question has not been replied. I asked specifically that the multinational companies are charging 4 to 5 times more than the Indian companies for the same particular import item. Why is the Minister or his Department not checking those multinational companies who are charging much more price which is five to six times more than the Indian company ? There is pharmacopoeia. Substandard imports are not being made. Why are they charging higher price ?

SHRI EDUARDO FALEIRO : This is not so, perhaps, to the extent my information goes. If the hon. Member has any specific information, he is welcome to meet me and give me the information.

MR. CHAIRMAN : You supply him the information. Now your second supplementary.

SHRI RAJNI RANJAN SAHU : I will supply him the information how they are charging four to five times more. In fact, I can lay it on the Table of the House right now.

SHRI SUBRAMANIAN SWAMY : He is going to supply drugged information and not drug information.

SHRI RAJNI RANJAN SAHU : I will supply him the information.

MR. CHAIRMAN : You have said it three times; we have accepted it; we have understood it. Now ask your second supplementary.

SHRI RAJNI RANJAN SAHU : My second supplementary is whether the hon. Minister has come to know of cases of over-invoicing by the multinational companies or not.

SHRI EDUARDO FALEIRO : Sir, over-invoicing means, at a particular point of time, two invoices are there. There is one invoice which gives a higher price and there is the other invoice which gives a lower price. There will be two invoices for over-invoicing. At the moment, I do not have this information. I can give it as and when this information comes, under the price fixation, when we fix the price for a particular drug. We will be happy to do that. (*Interruptions*) In regard to drugs basically, it is a question of policing or disciplining. This activity will be that of the Revenue Intelligence Department of the Finance Ministry. But definitely, I will find out and give the information.

MR. CHAIRMAN : Shri Subramanian Swamy.

SHRI V. NARAYANASAMY : His question will be a drugged one.

SHRI MENTAY PADMANABHAM : Are you putting a drugged supplementary ?

SHRI SUBRAMANIAN SWAMY : Sir, on the question of import, the price and the role of multinationals, there was a very important conference in November-December, 1990, called the Uruguay Round of talks. I would like to know from the hon. Minister whether he has studied the impact of the proposals, whether his Ministry has studied the impact of the proposals contained in what has now come to be known as the Dunkel Draft, and whether the results of that study could be made available to Parliament.

SHRI EDURADO FALEIRO : Surely. I agree with the hon. Member that the Dunkel proposals have a bearing on the

drug industry. However, in regard to the Indian response, the Government's response, to the Dunkel proposals, the nodal point is the Commerce Ministry. I submit, it will not be proper for me to give our own perception. But we will co-ordinate with the Commerce Ministry and leave it to the Commerce Ministry to put forward a consolidated approach.

SHRI VISHVJIT P. SINGH : Mr. Chairman, Sir, we must first understand the implications of what actually happens in the import of these bulk drugs and formulations. The actual fact is this. It is not the consumer who is charged more. It is the country which loses precious foreign exchange where higher prices are charged by these companies. The fact is this. I am afraid, I have to differ with the hon. Minister. The details of imports are available with the Finance Ministry. They are circulated. We have the information in regard to import of drugs by the various companies Company-wise figures are available. The monitoring may not be done by his Ministry, but it is published. The information is available. I had pointed out about it. I had written letters to the Department, to his Ministry not during the tenure of the present Minister, but in the past, I had written letters where I have given specific details of over-charging. I would not call it over-invoicing. I would call it over-charging and excess foreign exchange going out of the country. On the same date, the same drug is imported from the same country, but one company charges more and another company charges less. Let me point out. I do not excuse any company from it. Even Indian companies are guilty of the same practice as much as multinationals.

MR. CHAIRMAN : Please ask your question.

SHRI VISHVJIT P. SINGH : My question to the hon. Minister is this. I repeat the question which was put by Mr. Sahu. Is the Minister going to take cognisance of the information which is available ? Kindly do some proper monitoring of what is happening. I see from the list that he has given here that there are only four persons who are in this Evaluation and Monitoring Division. Out of these four persons, the Research Officer is not there. The post is vacant. Then, there is one Joint Director, one Senior Investigator and one Lower Division Clerk. I would urge upon the hon. Minister. Are you going to strengthen this Division ? Are you going to monitor the information which is already available with the Finance Ministry ? After doing that, are you going to take action against these companies, no matter who they may be, multinationals or Indian companies, in any sector ? Will you take action ?

SHRI EDUARDO FALEIRO : Sir, I, personally, agree with the hon. Member. We shall take action and we will.

Secondly, I would like to point out that in the case of these multinationals, for instance, they have a parent company. If they want one particular ingredient that goes into the making of a formulation or a drug, they will not import it from some other company, but only from their parent company. There are good reasons for it. This is because they have a brand name. Since they have a brand name, they will import it from their parent company and not from somewhere else. They have this type of arrangement. They do not compromise on this type of arrangement between different branches of different multinational companies. The demand of the public is for that particular brand. When the public wants that brand, they have to go by that type of arrangement. This is something to which I must draw the attention of the House.

I must also draw the attention of the House to the fact that from almost 100 per cent import of formulations, the import content in formulations at the

moment is 1.96 per cent which is insignificant in the context of the size of our industry and that of our exports.

As far as staff is concerned, it is true that one post of Research Officer in this particular Department is vacant. Several times we have already approached and reminded the UPSC to get this post filled. We will pursue it in view of what the House has said now.

**Production of Alcohol out of Molasses**

*66. SHRI B. K. HARIPRASAD : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Government have decided to lift restrictions on price and movement of molasses in the country.

(b) if so, whether Government have examined in depth, the socially retrograde angle of such a decontrol in view of the possibility of diversions of freely available molasses for potable alcohol i.e. illicit liquor production which is more remunerative than industrial alcohol ; and

(c) whether Government propose to re-examine the issue in its entirety ?

THE MINISTER OF THE STATE IN MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO) : (a) to (c) All angles including diversion of molasses for potable alcohol are being taken into account while arriving at a final decision on whether to lift controls on price and movement of molasses.

SHRI B. K. HARIPRASAD : Sir, I would like to say that the answer which he has given to my question is incomplete. I just want a specific answer from the Hon. Minister. Will the Government lift the restriction on the price and movement of molasses in the country ?

Part (b) of my question is this. The Indian sugar industry has a very strong lobby protecting the industry both in the private sector and the cooperative sector, whereas none of the lobbies attempt to serve the interest of cane-growers. The cane-growers complain of inadequate support price for cane as also delayed payments both by the private and the co-operative sectors.

Sir, a very important bye-product of the sugar industry is molasses. The Government has been considering whether to decontrol the distribution, pricing and movement of molasses or not. If it is decontrolled, the sugar industry will have a free hand to sell molasses in the seller's market, serving the potable Indian made foreign liquor industry, at the cost of industrial alcohol production. A part of the molasses meant for the IMFL finds its way to the illicit liquor industry in active connivance with the IMFL industry.

I would like to know from the Hon. Minister whether the Government would constitute a watch-dog committee to monitor allotment of molasses to the IMFL industry and make the IMFL producers accountable for its diversion into illicit trade.

SHRI EDUARDO FALEIRO : May I update this answer a bit, Sir, in the sense that last evening Government has decided in principle to lift the restrictions on the movement and price of molasses ? Therefore, I will require some time to come before the House and make a statement in this House perhaps if you direct me, for giving the details. In the meanwhile, all the suggestions on different aspects that have been made by the Member now, definitely Government will take into account.

SHRI B. K. HARIPRASAD : My second supplementary is this. Many social organisations and women activist organisations have been waging battles over the arrack and illicit liquor trade

* Translation in Arabic Script.